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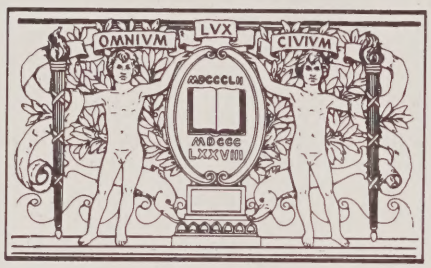

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February 27, 1987

Boston's Growth Economy
Looks To The Future

(Notes for Director's meeting with the Galway Delegation)

Boston's familial ties with Galway, and similarities in tradition - port cities, university towns, centers of tourism, cities of history -, hopefully will be matched, at some near future date, as parallel growth economies, when the United States again leads a more rapid expansion in the world economy, increasing flows of international trade, and reduction and management of international debt. New leadership in the U.S. Congress, path-breaking public leadership in our city and our state, and the model revitalization of Boston and many other large cities may help lead the way.

Development Performance and Prospects

Boston's recent development performance has been extraordinary and prospects for the future are outstanding. A good portend for Boston could aid Galway exports, tourism, and cultural/business/academic interchange. Boston's economy has experienced another banner year (1986), following a record breaking 1984, and substantial advance in 1985, capping a decade of almost continuous growth. The last three years, though, were unique, in terms of unprecedented levels of job creation, commercial development and housing. In this period, Boston gained 36,000 jobs, development construction totalled $3.5 billion, 6.5 million square feet of office space helped broaden and upgrade Boston's economic base, and 2,000 new hotel rooms came into service. Retail space was substantially expanded and upgraded with the addition of more than 500,000 square feet of new facilities signifying Boston's reemergence as a metropolitan shopping center responding to the demand of an expanding

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upscale labor force and a growing resident population. More net new housing was built (3,700 starts) than at anytime in Boston's recent history. Boston's office market, serving the growing services economy, continues healthy with perhaps the lowest vacancy rate (5.7% for Class A space) of any large city in the country. Unemployment in Boston, at 4%, is well below the national average of 7%.

Prognoses for the future of the Boston Metro Region, prepared by reputable national public and private agencies, forecast both very substantial growth and improvement relative to other metro areas, for this metro region which currently has a population of 3.8 million and 2.2 million jobs.

For Galway's interest in the Boston metro area as both a market, and a source of investment, the projected growth in Boston metro region personal income, from $67.8 billion, in 1987, to $95 billion, in the year 2000, is, perhaps, the most significant number. The U.S. Bureau of Economic Analysis, in a report published in 1985, projects the Boston metro area to gain in rank, in comparison with the Nation's 330 metro areas, and to rise from 5th highest to 4th highest in employment, from 6th to 5th in population, from 7th to 6th in personal income, and from 15th to 11th in per capita income. The National Planning Association forecast (in 1986) that the Boston Metro Region would gain 754,000 jobs, by the year 2,000, and that this advance would be exceeded only by that of the Los Angeles area, with an increase of 1 million jobs.

Benefits

Most important, development is bringing benefits to Boston residents who are generally less well-off than their suburban metropolitan neighbors, and, in the recent past, had difficulty in sharing in the City's economic prosperity. From 1983 to 1986, Boston resident workers captured 14,500 (40%)

of the 36,000 job gain, stabilizing their one-third share of the city's jobs, following a quarter century of expansion of the suburban commuter share, from 50%, in 1950, to 67%, in 1980. More than that, there is new evidence that poverty in Boston is declining. from 1983 to 1986, the Boston caseload of aid to families with dependent children declined by 8%, the Boston General Relief caseload fell by 8%, and the Boston Food Stamp caseload fell by 17%, in a period when eligibility rules were constant following the Reagan cutbacks in the federal budget for fiscal year 1982. Related to these improvements were advances in educational attainment and occupational skills. Between 1980 and 1985, the percentage of adults with a college degree increased from 20% to 28%, while the share of those without a high school diploma fell from 32% to 23%. Similarly, the proportion of the employed labor force with professional, managerial and technical training increased from 30%, in 1980, to 36%, in 1985. More Boston resident workers are making it into the thriving downtown economy, with the Boston resident workers place of work rising from 20% downtown, in 1980, to 28%, in 1985.

Jobs in Boston's expanding services economy are good jobs, by and large, with annual average wage levels exceeding those of the metro region as a whole, and of the state, in each of the past five years. With an overall annual average wage of $22,720, in 1985, Boston wage levels ranged from $13,900 in hotels, and $9,100 in eating and drinking places, to $27,130 in printing and publishing (our largest manufacturing industry), $30,200 in transportation and communication, $29,000 in finance and insurance, $30,000 in professional services, $18,000 in business services, $21,400 in medical service, and $18,000 in education.

There is also good news in family life in Boston. The proportion of households made up of families (rather than unrelated individuals) had declined from 65%, in 1970 to 53%, in 1980, (mirroring national trends). but appears to have stabilized at 54% in 1985.

Partnership

Though the good fortune of the Boston economy flows principally from the preeminence of its services activities economic base, the relative concentration in those industries expanding most rapidly nationally (professional and business services, money management, communications, higher education and medicine), Mayor Raymond L. Flynn's leadership in broadening and deepening partnerships, and making Boston's an inclusionary society,and one that works for all, has been central to the extraordinary improvement in ambience and good feeling,and the city's progress. The partnership network is an achievement of note. Under the acronyms of "Boston works", Boston compact", "Access", "Boston for Boston", "Private Housing Partnership", "Employment Commission", "Tri-Lateral Council", and "Linkage", for example, Mayor Flynn has amplified and created programs and measures, with the business community, that strengthen education and job training programs, provide jobs for high school students, finance college for needy students, guarantee jobs on graduation, favor jobs for Boston residents, promote affordable housing, and bring the benefits of development to the city's neighborhoods. A process of development project review balances jobs, investment, tax revenue and benefits with environmental concerns and neighborhood interests. Mayor Flynn has also succeeded in reaching out to the Governor and the state legislature for support in fiscal aid, housing, transportation, and land use. The Mayor has drawn on the support of the City Council. He is a frequent visitor to Congressional committees, championing the needs of the homeless and the need

for housing. Most essential of all, he has reached out to the people of Boston and brought about a degree of good racial ambience not known in Boston's recent history.

Public Development

Boston is writing new pages in urban history through the expanding, creative role of public development. Taking advantage of the growth economy and the creative planning, use, and management of public owned land, Boston is shaping development to enhance the city's potential to meet needs and pursue opportunities, and to generate a stream of revenue that is being recycled for public development.

Needs

There are large and obdurate continuing needs and concerns. These include education and job training, housing, transportation, and financing the public sector role.

New Directions in National Policy and in World Growth, Trade and Debt Management

We are at a watershed of broad changes, national and international, that may help make for a better world, - for Galway and Boston and all. A new U.S. Congress appears to be rejecting military adventures in favor of the needs for advancing the quality of life. A process of reestablishment of the role of government in fostering more rapid world economic growth, and expanding international trade appears to have been started with the recent Paris accord of 6 nations to stabilize exchange rates, and adopt stimulative fiscal and credit policies. This beginning may help reverse the relative stagnation in world economic growth and trade since the 1970's, following the extraordinary role of the U.S. Marshall Plan (in the 1940-s and 1950's) and U.S. aid to

poorer countries (in the 1960's). Senator Bradley, House Speaker Wright and others in the U.S. Congress have been discussing proposals for writing-down and writing off the albatross of international trade debt hobbling the future of poorer countries and the health of the world economy. Senator Bentsen has introduced a bill that would promote trade and development without protectionist provisions.

In the not-to-distant future, the United States may return to a leadership role in fostering more rapid national growth, by giving development and trade a higher national priority, and favoring policies and programs for world economic growth, trade expansion and debt management.

Galway would gain in exports and tourism and foreign investment. Boston would benefit from foreign investment and the expansion of trade in services activities.